



Comments from the Federal Ministry for Economic Cooperation and Development on the DEval module report “Instruments for managing residual climate risks” from the evaluation of climate change adaptation measures

The Federal Ministry for Economic Cooperation and Development (BMZ) welcomes the report presented by the German Institute for Development Evaluation (DEval) entitled “Instruments for managing residual climate risks” – which is part of the DEval evaluation of climate change adaptation measures – and sees it as a valuable contribution for the evidence base of the instruments used so far and for the strategic further development of the BMZ portfolio in this area of activity.

Relevance of the findings

Climate action and adaptation to climate change are priority areas of the BMZ’s development policy. In the BMZ’s partner countries, extreme weather events that are becoming more and more frequent and severe, and gradual changes to the climate are increasing the risk of people being affected by poverty, hunger, disease and displacement, and are threatening the often already precarious livelihoods of many of those people. Despite increasingly ambitious climate action efforts, adaptation measures and other interventions, especially disaster risk management, it is often not possible to completely avoid all residual risks. As climate change progresses, this is especially true for residual climate risks, which can lead to climate-related loss and damage. Climate-related migration and displacement are one such example.

This report is a relevant building block for further improving measures and instruments as well as development policy processes and structures, and optimising their interaction with international development agendas, the activities of other donors and actors, and the priorities set by development

partners. The report contains relevant insights and ideas for the implementation of the new BMZ core area strategy “Responsibility for our planet – climate and energy”.

The focus of the analysis that has been carried out is on evaluating the development policy relevance and effectiveness of instruments used so far when it comes to dealing with residual climate risks. This involves examining part of the relevant measures that are implemented together with partner countries or the private sector via selected instruments (third-party risk finance, risk pooling, risk preparedness and transformative risk management). In the instrument group transformative risk management, DEval investigated projects concerned with climate-related migration and displacement.

The report makes it clear that the strength of the development policy approaches lies in the combination and dovetailing of instruments in order to work on these areas of intervention. The BMZ completely agrees with this assessment. It remains important in this connection that, in particular, the approach taken is also an integrated one which deals with areas of intervention like climate-related migration and displacement, food security, agriculture and social protection as cross-cutting issues. Even though this report does not investigate these linkages or the interaction between the instruments investigated and other development cooperation topics, such as displacement and migration, the BMZ feels that the report confirms the focus of German development policy on enhancing climate resilience and using a comprehensive risk management approach to improve how residual risks are managed.

Conclusions

The report confirms that German development policy meets its aspirations of alignment with global agendas and with Germany's strategies in the case of the instrument groups investigated. At the same time the report recommends the following: a more systematic orientation towards climate risks in the deployment of instruments and a stronger focus on the partner countries' priorities and the needs of the target groups (in particular marginalised and vulnerable groups), further development of the existing approach of comprehensive risk management, and expansion of German involvement in terms of financial resources, the number of projects and the instruments deployed – also and in particular for managing climate-related migration and displacement.

Key conclusions drawn by the BMZ from the recommendations are:

1. The recently adopted BMZ core area strategy "Responsibility for our planet – climate and energy" firmly establishes that greater use will be made of climate risk analyses for programming and portfolio design in partner countries with which the BMZ is engaged in cooperation in this core area, e.g. within the framework of strategic cooperation on climate action. Other stipulations of the BMZ 2030 reform strategy for development cooperation overall (e.g. country strategy papers) will further define the more systematic use of climate risk analyses, so that relevant findings can be taken into account at the very start of the project design process.
2. The BMZ will develop its activities further, with a view to meeting the needs of partner countries and target groups. This is not only a question of partner countries' priorities being reflected in bilateral negotiations, e.g. regarding measures within the framework of the core area strategy "Responsibility for our planet – climate and energy". Also when working with regional and global partners, a key aim of German development policy is to scale up risk financing and risk insurance against climate and disaster risks for the poorest and most vulnerable people in developing countries. In the InsuResilience Global Partnership (IGP) launched by Germany in 2017, more than 110 members from industrialised and developing countries, civil society, the private sector, development banks, multilateral organisations and science are engaged in efforts aimed at achieving ambitious goals, while taking into account pro-principles, in line with the 2030 Agenda, and further developing existing instruments in terms of their target-group orientation. The recommendation from DEval to work in a participatory way with civil society actors therefore gives backing to this approach as taken by the BMZ.
3. The BMZ is further developing its toolkit based on its comprehensive risk management approach and is scaling up related efforts. Of key importance for dealing with the consequences of climate change is choosing and combining instruments in a way that takes account of the specific context. That includes instruments for risk reduction, and for fostering regulatory and legislative frameworks. This can only be done by working in collaboration with national, international and multilateral actors. That is why the BMZ is working to strengthen pertinent international organisations and initiatives, in order to develop criteria together within the donor community for selecting and combining instruments. The application-oriented guidelines for comprehensive risk assessment and planning, which have been developed in collaboration between German development cooperation and UNDRR (the United Nations Office for Disaster Risk Reduction), are one example.
4. The BMZ sees the recommendation to expand its portfolio in the area of residual climate risks as confirmation of its engagement to date and of its goals and priorities as laid down in the new core area strategy "Responsibility for our planet – climate and energy". In line with the core area "Peaceful and inclusive societies", the BMZ will examine possibilities for expanding its activities in relation to climate change, displacement and migration. Furthermore, the BMZ is pushing forward the mainstreaming of these topics in projects (e.g. from the field of food security or conflict prevention) that contribute to reducing the drivers of displacement. This is also in line with the recommendation of the report by the German government's independent Commission on the Root Causes of Displacement.

DEval emphasises that the topic of climate migration is set to become increasingly important for Germany's partner countries and that pertinent measures are an important aspect of comprehensive risk management. It is important here that the whole spectrum of approaches, from climatic influences to the framework conditions for migration and living conditions on the ground, is considered in an integrated approach to climate migration. Increasing climate resilience and managing residual climate risks must, in the view of the BMZ, go hand in hand with appropriate measures that help reduce climate-related migration and displacement. The basis for this is provided, in alignment with the Global Compact for Regular Migration, by the coherent 360-degree approach in which reducing the drivers of migration, creating pathways for regular migration, the involvement of diaspora communities, and return and sustainable reintegration all play an equal role.

5. At the same time, the BMZ sees the evaluation as confirmation for its continuous development of the impact orientation of development cooperation. For the field of risk finance and risk insurance, the Monitoring & Evaluation Framework of the InsuResilience Global Partnership provides important contributions for further developing the evidence for the effectiveness of risk finance and risk insurance.

The DEval module report "Instruments for managing residual climate risks", which is part of the evaluation of climate change adaptation measures, can be downloaded at www.deval.org/en.